



HEKTAR REIT Q417 RESULTS
11 Years of Sustainable Growth
Final Distribution per Unit Declared At 3.30 Sen

Kuala Lumpur, February 12, 2018 – Hektar Real Estate Investment Trust (“Hektar REIT”) announced its financial results for the fourth quarter ended 31 December 2017. The REIT recorded higher revenue of RM33.4 million, an increase of 7% to the corresponding period in 2016 (“4Q2016”). Net Property Income rose to RM20.9 million, up by 12% over 4Q2016. Realised net income also grew to RM11.8 million, a 14% increase from 4Q16. These positive financials were largely due to the completion of the acquisition of 1Segamat Shopping Centre (now known as “Segamat Central”) on 18 September 2017 with approximately 220,000 square feet additional net lettable area (“NLA”) injected into the REIT’s portfolio, increased marketing activities at the malls as well as cost optimisation initiatives undertaken in the later part of the year. Net Income is reported marginally higher at RM12.1 million, mainly as a result of the fair value gain from revaluation of investment properties recorded in 4Q16.

Hektar REIT’s annual revenue stood at RM125.5 million, a marginal increase compared to the same period in the preceding year while annual NPI stood at RM73.7 million. The overall performance was impacted by tenant remixing works at Landmark Central (now known as “Kulim Central”) due to the shopping mall’s Asset Enhancement Initiative (“AEI”) which was recently completed. This contributed approximately 20,000 square feet additional NLA. Tenant remixing is also being undertaken at Subang Parade, the REIT’s flagship mall, in preparation its upcoming AEI. The challenging retail environment as a result of the economic uncertainties throughout 2017 also contributed to the reduction of income.

The cumulative twelve months ended 31 December 2017 realised income was recorded at RM40.1 million, a marginal decrease compared to the preceding year of 2016.

With a unique target market and geographically diversified strategy, Hektar REIT’s portfolio of neighbourhood-centric shopping malls prevailed in a positive light in this weaker economy. As these malls tend to be more resilient during times of economic downturns, and its market catchment is predominantly made up of a mature neighbourhood, as of 31st December 2017, Hektar REIT’s total portfolio which has a combined net lettable area of 2.0 million square feet

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has a notable 95% overall occupancy. During the course of the renovation at Kulim, the management team has been focusing on carrying out aggressive marketing initiatives to ensure that footfall figures were maintained in all the shopping centres. The footfall at Subang Parade, the REIT's biggest income contributor even showed a growth of 30% in footfall from 3Q 2017 and continued to retain its growth throughout 4Q 2017. Turnover rent grew to 55% throughout its shopping centres – mainly at Mahkota Parade.

“Gearing up for the new year, Hektar REIT is excited with what 2018 will bring. The purchase of 1Segamat Shopping Centre (now known as Segamat Central) in September 2017 added another great addition to Hektar REIT's strong portfolio. The goal after the purchase of Segamat Central remains the same – to introduce the Hektar brand and best practices with the aim to be the iconic shopping centre in Segamat while enhancing the retail experience for its locals. The successful purchase of Segamat Central has also prompted the REIT to further its reach in identifying other prime neighbourhood-centric locations to secure its next lucrative investment” said Chief Executive Officer, Dato' Hisham bin Othman.

“Strengthening our roots in Kulim, the AEI in Landmark Central (now known as Kulim Central) has proved to be a success by pulling in strong local and international brands such as Texas Chicken, Bread History, XES Signature, Mee Tarik Warisan Asli, MR. D.I.Y, and The Chicken Rice Shop ever since the AEI was completed and is still registering interests from many brands. The new food court has also managed to pull in a regular crowd since its opening with a wide variety of sumptuous offerings. These results are in-line with the initial goals of the AEI, which is to bring fresh, new and exciting retail experience to the shopping-enthusiasts in Kulim ” he continued.

Hektar REIT declared a final income distribution per unit (“DPU”) of 3.30 sen for the fourth quarter ended 31 December 2017 which includes the month of September 2017. The Book Closing Date is 28 February 2018 and the final distribution will be made on 15 March 2018. Based on the closing price of RM1.30 on 29 December 2017, the annualised DPU for the year represented a distribution yield of approximately of 7.4%.

Hektar REIT proudly maintains a distribution policy of at least 90% of distributable net income despite the volatility of the industry, currently with an 11 year track record of continuous dividends since its inception in December 2006. This distribution typically excludes items such

as capital allowances and revenue arising from Financial Reporting Standards 117, an accounting standard adopted in FY2010.

Overview of Hektar REIT Financial Results (unaudited)	4Q 2017 (3 months) (RM '000)	4Q 2016 (3 months) (RM '000)	Variance (%)
Gross Revenue	33,441	31,167	7.3%
Direct Cost & Property Expenses	(12,528)	(12,438)	-0.7%
Net Property Income	20,913	18,729	11.7%
Net Income – Realised	11,820	10,396	13.7%
Net Income	12,083	12,008	0.6%
Net Income Per Unit – Realised (sen)	2.56	2.54	0.8%
Distribution Per Unit (sen)	3.30	2.70	22.2%

For further information, please log on to www.bursamalaysia.com

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ABOUT HEKTAR REIT

Hektar Real Estate Investment Trust (“Hektar REIT”) is a retail-focused REIT in Malaysia, focused on investing and managing commercial retail properties. Hektar REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 4 December 2006 and currently owns 2.0 million square feet of retail space with assets valued at RM1.20 billion on 30 September 2017. The primary objectives of Hektar REIT are to provide unitholders with sustainable dividend income and to achieve long-term capital appreciation of the REIT.

Hektar REIT is managed by Hektar Asset Management Sdn Bhd which is focused on the asset management of Hektar REIT’s portfolio.

Hektar REIT’s portfolio of shopping malls include Subang Parade in Subang Jaya, Selangor, Mahkota Parade in Melaka, Wetex Parade in Muar, Johor, Central Square in Sungai Petani, Kedah, Kulim Central in Kulim, Kedah and Segamat Central in Segamat, Johor. The portfolio’s catchment serves a market size of 3.0 million shoppers. As at 31 December 2017, the portfolio had an average occupancy of 95% and recorded over 29.4 million shopper visits.

For more information, please visit www.HektarREIT.com

IMPORTANT NOTICE

The past performance of Hektar REIT is not indicative of the future performance of Hektar REIT. This document may contain forward-looking statements that involve risk and uncertainties. Actual future results may vary materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.



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